



ARGO EXPLORATION LIMITED
ABN 38 120 917 535

Financial Report
for the half-year ended 31 December 2008

ARGO EXPLORATION LIMITED
ABN 38 120 917 535

CORPORATE DIRECTORY

Board of Directors

H K Herbert
J I Stewart
J G Hondris
M A Bird

Company Secretary

M J Leydin

Registered Office

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St Kilda Victoria 3182
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Place of Business

Suite 304, 22 St Kilda Road
St Kilda Victoria 3182

Auditor

Grant Thornton
Chartered Accountants
Level 2, 215 Spring Street
Melbourne Victoria 3000

Share Registry

Computershare Investor Services Pty Ltd
Yarra Falls, 452 Johnston Street
Abbotsford Victoria 3067
Telephone: (03) 9415 5000

Stock Exchange Listing

Home Exchange is Melbourne
ASX Code Shares: AXT

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DIRECTORS' REPORT

The Directors of Argo Exploration Limited submit herewith the financial report for the half-year ended 31 December 2008. In order to comply with the provisions of the *Corporations Act 2001*, the Directors report as follows:

DIRECTORS

The names of the Company's Directors in office during or since the end of the half-year are:

Name

Dr Hugh K. Herbert	Chairman and Managing Director
Mr James I. Stewart	Technical Director
Mr Justin G. Hondris	Non-executive Director
Ms Meredith A. Bird	Non-executive Director

REVIEW OF OPERATIONS

Corporate

The consolidated net loss after income tax for the half year was \$128,797 (2007: loss of \$84,296)

During the current reporting period, global economies experienced profound contraction in response to collapsing financial systems with consequent impact on company market capitalizations, availability of capital and unprecedented decimation of demand for commodities. Argo perceived that economic conditions moving forward appeared most uncertain and responded to the prevailing conditions by promptly implementing strategies to preserve cash while evaluating forward ramifications for the Company's exploration programs.

Cash reserves at end of December 2008 stood at \$4,250,088 with no secured debt. The difficulty of raising further capital under prevailing market conditions and current share price will impact the Company's short- medium-term capacity to aggressively explore at its Intercept Hill and Toondulya Projects.

Operations

Argo continued a comprehensive review of exploration/drilling data at its South Australian exploration assets during the reporting period. Relevant Quarterly Activity Reports, previously lodged, should be referred to for details.

At the Intercept Hill (EL4164) project, integrated modeling and interpretation of gravity/magnetic data and geological information, derived from Phase 1 and 2 diamond drill cores at Emmie North Prospect, were ongoing during the reporting period. This work confirmed that the two sharply contrasting mineralized rock packages intersected by drilling in the Prospect area comprise genuine exploration targets with both believed to require additional aggressive drill testing to establish their respective potential economic significance.

Economic modeling of both mineralized packages is planned to assess grade/tonnage relationships required to deliver commercial deposits at the respective depths involved. As part of this evaluation process, an independent review of geophysical targets/models, in the light of accurate rock density data derived from drill cores, is planned to further evaluate and model size potential and possible geometry of the fertile iron oxide copper gold system at Emmie North Prospect and to rank additional drill targets within the tenements.

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Limited drilling at the Winjabbie East and Canegrass Prospects within EL4164 has not established the economic potential of these localities and, following planned additional review of geophysical data/models, more drilling is expected to be justified.

Several additional priority target areas throughout the tenement remain to be drill tested.

However, in recognition of the rapidly deteriorating macroeconomic conditions, declining share price and availability and 'cost' of capital, coupled with high cash burn rates associated with deep diamond drilling programs, the Board has deferred further drilling while canvassing potential Joint Venture partners to spread exploration drilling risk moving forward. The Board remains excited by the drilling results achieved to date and notes that the decision to defer drilling is purely a result of prevailing economic conditions.

Drill site rehabilitation was completed and site regeneration will be progressively monitored to ensure continuing environmental compliance.

At the Toondulya (EL3156) project, final geochemical results, stemming from calcrete geochemical sampling programs initiated in December 2007 and completed during January 2008, were received. In general, current calcrete sampling along traverses and grids was outside the boundaries of known gold-in-calcrete anomalies previously defined within the tenement. A total of 1,984 calcrete samples were collected in the program and analyzed for gold, silver, arsenic, cobalt, copper, nickel, lead, uranium and zinc.

The aim of the program was to assess whether any calcrete geochemical signatures were spatially associated with previously interpreted geophysical anomalies as a possible aid to drill target selection. Given the depths of mantling sand dune/conductive clay profiles, generally low order values derived from the surveys are inconclusive and require further analysis and assessment. The results of the 'current' surveys have been fully integrated with historical calcrete sampling data relevant to the tenement.

An application for renewal of EL3156 was lodged during the reporting period.

Exploration activities within both tenements are likely to be subdued during the first part of 2009 as the Board continues to review cost effective strategies for the further drill testing and exploration of its Exploration Licenses.

Concurrently, Argo has reviewed a number of potential other opportunities in the resources sector, focusing on advanced 'brown field' projects likely to lead to early positive cash flow. No decision to acquire, farm-in, joint venture or other has been made and the process is continuing as opportunities arise.

DIRECTORS' REPORT (CONTINUED)

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration under s.307C of the *Corporation Act 2001* in relation to the review of the half-year is included on page 6.

Signed in accordance with a resolution of the Directors made pursuant to s.306(3) of the *Corporations Act 2001*.

On behalf of the Directors

A handwritten signature in black ink, appearing to read "Hugh K. Herbert". The signature is written in a cursive style with a horizontal line underneath.

Dr. Hugh K. Herbert
Chairman

16 March 2009

MELBOURNE

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AUDITOR'S INDEPENDENCE DECLARATION TO THE DIRECTORS OF ARGO EXPLORATION LIMITED

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Argo Exploration Limited for the half-year ended 31 December 2008, I declare that, to the best of my knowledge and belief, there have been:

- a No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- b No contraventions of any applicable code of professional conduct in relation to the review.



GRANT THORNTON
Chartered Accountants



Brad Taylor
Partner
Melbourne, 16 March 2009



Grant Thornton

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Independent Auditor's Review Report To the Members of Argo Exploration Limited

Report on the half-year financial report

We have reviewed the accompanying half-year financial report of Argo Exploration Limited, which comprises the condensed consolidated interim balance sheet as at 31 December 2008, and the condensed income statement, condensed statement of changes in equity and condensed cash flow statement for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year's end or from time to time during that half-year.

Directors' responsibility for the half-year financial report

The directors of the Company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards including the Australian Accounting Interpretations and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express a conclusion on the consolidated half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagement ASRE 2410: Review of an Interim and Other Financial Reports Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Argo Exploration Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we complied with the independence requirements of the Corporations Act 2001.

Electronic presentation of reviewed financial report

This auditor's review report relates to the financial report of Argo Exploration Limited for the half-year ended 31 December 2008 included on Argo Exploration Limited's web site. The Company's directors are responsible for the integrity of Argo Exploration Limited's web site. We have not been engaged to report on the integrity of Argo Exploration Limited's web site. The auditor's review report refers only to the statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications, they are advised to refer to the hard copy of the reviewed financial report to confirm the information included in the reviewed financial report presented on this web site.

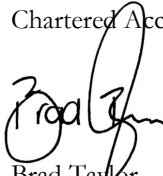
Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Argo Exploration Limited is not in accordance with the Corporations Act 2001, including:

- 1 giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and of its performance for the half-year ended on that date; and
- 2 complying with Accounting Standard AASB 134: Interim Financial Reporting and Corporations Regulations 2001.



GRANT THORNTON
Chartered Accountants



Brad Taylor
Partner

Melbourne, 16 March 2009

DIRECTORS DECLARATION

The Directors declare that:

- a) in the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- b) in the Directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity.

Signed in accordance with a resolution of the Directors made pursuant to s.303(5) of the *Corporations Act 2001*.

On behalf of the Directors

A handwritten signature in black ink, appearing to read "Hugh K. Herbert". The signature is written in a cursive style with a horizontal line underneath.

Dr. Hugh K. Herbert
Chairman

16 March 2009

MELBOURNE

ARGO EXPLORATION LIMITED
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CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE HALF YEAR ENDED 31 DECEMBER 2008

	CONSOLIDATED ENTITY	
	Half year ended 31 December 2008	Half year ended 31 December 2007
	\$	\$
Revenue – Interest Revenue	187,678	231,484
Corporate expenses	(52,846)	(49,645)
Depreciation and amortisation	(26,921)	-
Employment expenses	(201,944)	(161,500)
Administration expenses	(34,764)	(104,635)
Profit/(loss) before tax for the period	(128,797)	(84,296)
Income tax expense	-	-
Profit/(loss) for the period	(128,797)	(84,296)
	Cents per share	Cents per share
Earnings/(Loss) per Share		
Basic Earnings per share	(0.16)	(0.11)
Diluted Earnings per share	(0.11)	(0.08)

This statement is to be read in conjunction with the notes to the financial statements.

ARGO EXPLORATION LIMITED
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CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2008

	CONSOLIDATED ENTITY	
	31	30
	December	June
	2008	2008
	\$	\$
Current Assets		
Cash and cash equivalents	4,250,192	4,740,816
Trade and other receivables	219,149	259,660
Other current assets	8,320	-
Total Current Assets	<u>4,477,661</u>	<u>5,000,476</u>
Non-Current Assets		
Property, plant and equipment	119,382	143,670
Intangibles	9,821	5,250
Exploration expenditure	7,957,680	7,705,871
Total Non-Current Assets	<u>8,086,883</u>	<u>7,854,791</u>
Total Assets	<u>12,564,544</u>	<u>12,855,267</u>
Current Liabilities		
Trade and other payables	81,572	209,169
Borrowings	71,059	42,038
Total Current Liabilities	<u>152,631</u>	<u>251,207</u>
Non-Current Liabilities		
Borrowings	26,057	76,286
Total Non-Current Liabilities	<u>26,057</u>	<u>76,286</u>
Total Liabilities	<u>178,688</u>	<u>327,493</u>
Net Assets	<u>12,385,856</u>	<u>12,527,774</u>
Equity		
Issued Capital	12,793,414	12,806,535
Reserves	331,500	331,500
Accumulated losses	(739,058)	(610,261)
Total Equity	<u>12,385,856</u>	<u>12,527,774</u>

This statement is to be read in conjunction with the notes to the financial statements.

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2008

CONSOLIDATED				
	Issued Capital	Retained Earnings	Option Reserve	Total
Equity as at 1 July 2007	9,745,968	(416,128)	331,500	9,661,339
Profit/(loss) for the period (a)	-	(84,296)	-	(84,296)
Issue of Shares	3,240,000	-	-	3,240,000
Costs of Capital Raising	(179,433)	-	-	(179,433)
Equity as at 31 December 2007	12,806,535	(500,424)	331,500	12,637,611
Equity as at 1 July 2008	12,806,535	(610,261)	331,500	12,527,774
Profit/(loss) for the period (a)	-	(128,797)	-	(128,797)
Issue of Shares	-	-	-	-
Costs of Capital Raising	(13,121)	-	-	(13,121)
Equity as at 31 December 2008	12,793,414	(739,058)	331,500	12,385,856

(a) Loss for the period equals total recognised income and expense for the period.

This statement is to be read in conjunction with the notes to the financial statements.

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CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE HALF YEAR ENDED 31 DECEMBER 2008

	CONSOLIDATED ENTITY	
	Half year ended 31 December 2008	Half year ended 31 December 2007
	\$	\$
Cash Flows From Operating Activities		
Interest received	65,499	67,228
Payments to suppliers	(258,213)	(615,345)
Interest paid	(4,568)	
	<u>(197,282)</u>	<u>(548,117)</u>
Net cash used in operating activities		
Cash Flows From Investing Activities		
Payments for exploration costs	(251,809)	(1,569,093)
Payments for plant and equipment	-	(10,568)
Payments for Intangibles	(7,204)	-
	<u>(259,013)</u>	<u>(1,579,661)</u>
Net cash (used in)/provided by investing activities		
Cash Flows From Financing Activities		
Repayment of borrowings	(21,208)	(14,698)
Proceeds from issue of equity securities	-	3,240,000
Payment for share issue costs	(13,121)	(179,434)
	<u>(34,329)</u>	<u>3,045,868</u>
Net cash flows from financing activities		
Net Increase (Decrease) in cash and cash equivalents	(486,053)	918,090
Cash and cash equivalents at beginning of the half year	<u>4,740,816</u>	<u>6,125,919</u>
Cash and cash equivalents at the end of the half year	<u>4,250,192</u>	<u>7,044,009</u>

This statement is to be read in conjunction with the notes to the financial statements.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1. SUMMARY OF ACCOUNTING POLICIES

Statement of compliance

The half-year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. The half-year financial report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report.

Basis of preparation

The condensed financial statements have been prepared on the basis of historical cost. Cost is based on the fair values of the consideration given in exchange for assets.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the company's 2008 annual financial report for the financial year ended 30 June 2008.

2. SEGMENT INFORMATION

Argo Exploration Limited operates in the mining exploration industry within Australia.

3. ISSUE OF EQUITY SECURITIES

There have been no issues of securities for the half year ended 31 December 2008.

4. BUSINESS COMBINATIONS

The ownership interest in subsidiaries at the end of the half-year are listed below:

Name of Entity	Country of Incorporation	Ownership Interest	Ownership Interest
		31 December 2008 %	31 December 2007 %
Parent Entity	Australia		
Subsidiaries			
Olympic Resources Limited	Australia	100%	100%
Athena Mines Pty Ltd	Australia	100%	100%

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

5. COMMITMENTS

**CONSOLIDATED
ENTITY
31 DECEMBER 2008**

Exploration Tenements – Commitments for Expenditure

In order to maintain current rights of tenure to exploration tenements, the Company and economic entity is required to outlay rentals and to meet the minimum expenditure requirements of the State Mines Departments. Minimum expenditure commitments may be subject to renegotiation and with approval may otherwise be avoided by sale, farm out or relinquishment. These obligations are not provided in the accounts and are payable:

Not later than 1 year	183,750
Later than one year but not later than five	140,000
Later than 5 years	-
	323,750
	323,750

Finance Lease Expense – Commitments for Expenditure

Finance leases relate to motor vehicles with a term of 3 years. The Group has the option to purchase the motor vehicle for the residual value at the conclusion of the lease agreement.

Not later than 1 year	75,663
Later than one year but not later than five	27,614
Later than five years	-
	103,277
Minimum future lease payment	103,277
Less future finance charge	(6,161)
Present value of minimum lease payments	97,116

Included in the financial statements as:

Current borrowings	71,059
Non-current borrowings	26,057
	97,116

6. EVENTS AFTER THE BALANCE SHEET DATE

There has been no matter or circumstance has arisen since the date of this report which has significantly affected, or may significantly affect, the operations of the consolidated entity.